



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

JUDI E. THOMAS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN

October 26, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

Wendy L. Watanabe
By
J. Schneiderman

SUBJECT: **MAXIMUS, INC. – A DEPARTMENT OF PUBLIC SOCIAL SERVICES
GREATER AVENUES FOR INDEPENDENCE PROGRAM PROVIDER –
CONTRACT COMPLIANCE REVIEW**

We completed a review of Maximus, Inc. (Maximus or Agency), which covered a sample of transactions from Fiscal Years (FY) 2010-11 and 2011-12. The Department of Public Social Services (DPSS) contracts with Maximus, a private, for-profit company, to provide Greater Avenues for Independence (GAIN) Program case management services to participants with economic, educational, and social barriers.

The purpose of our review was to determine whether Maximus appropriately accounted for and spent GAIN Program funds to provide the services outlined in their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with their contract and other applicable guidelines.

DPSS paid Maximus approximately \$10.7 million on a fixed monthly fee basis during FY 2010-11. Maximus provides services to residents of the Third and Fifth Supervisorial Districts.

Results of Review

Maximus provided services to individuals who met the GAIN Program requirements, and Agency staff had the required qualifications. In addition, Maximus maintained adequate financial controls. We have no findings or recommendations for the Agency.

Review of Report

We discussed our report with Maximus in June 2012. Maximus is not required to submit a response to this report, because there are no findings or recommendations.

We thank Maximus management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA:JS

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Richard A. Montoni, Chief Executive Officer, President and Director, Maximus, Inc.
Kristy Lazur, Vice President, Maximus, Inc.
Public Information Office
Audit Committee

**MAXIMUS, INC.
GREATER AVENUES FOR INDEPENDENCE PROGRAM
FISCAL YEARS 2010-11 AND 2011-12**

ELIGIBILITY

Objective

Determine whether Maximus, Inc. (Maximus or Agency) provided services to individuals who met the Greater Avenues for Independence (GAIN) Program eligibility requirements.

Verification

We reviewed the case files for 30 (1%) of the 13,206 participants who received services during January and February 2012 for documentation to confirm their eligibility for GAIN Program services.

Results

Maximus had documentation to support the 30 participants' eligibility for GAIN Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether Maximus provided the services required by their County contract and GAIN Program guidelines. In addition, determine whether the Program participants received the billed services.

Verification

We visited one (14%) of the seven Maximus service sites, and reviewed the case files for 30 participants who received services during January and February 2012.

Results

Maximus provided services in accordance with the County contract.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether Maximus' staff had the qualifications required by the County contract.

Verification

We reviewed the personnel files for ten (6%) of the 156 Maximus employees who worked on the GAIN Program.

Results

Maximus' staff had the required qualifications.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether Maximus had adequate controls to ensure cash receipts and revenue were recorded in the Agency's financial records properly, cash receipts were deposited into the Agency's bank accounts timely, and bank account reconciliations were reviewed and approved by Agency management.

Verification

We interviewed Maximus management, and reviewed the Agency's financial records and March 2012 bank reconciliation.

Results

Maximus recorded revenue in their financial records properly, and deposited DPSS payments into the Agency's bank account timely. In addition, the Agency's monthly bank reconciliations were reviewed and approved by management.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Maximus' fixed assets and equipment purchased with GAIN funds were used for the Program, and were adequately safeguarded.

Verification

We interviewed Agency personnel, and reviewed the Agency's fixed assets and equipment inventory list. We also performed a physical inventory of ten items purchased with GAIN funds in prior years to verify the items exist, and were being used as required.

Results

The items purchased with GAIN funds were used for the Program, and were adequately safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether Maximus obtained required criminal background clearances and employment eligibility for the Agency's GAIN Program staff.

Verification

We interviewed staff, and reviewed personnel files for ten GAIN Program staff.

Results

Maximus obtained background clearances and employment eligibility for their GAIN Program staff.

Recommendation

None.